

Message Text

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72

ACTION ARA-20

INFO OCT-01 ISO-00 SAB-01 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 SAM-01 EB-11 OMB-01 TRSE-00 DRC-01

SSO-00 /113 W

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P 092309Z FEB 74

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC PRIORITY 7417

INFO AMEMBASSY LIMA PRIORITY

AMEMBASSY PANAMA PRIORITY

C O N F I D E N T I A L SANTIAGO 0653

EO 11652: GDS

TAGS: EGEN, PBOR, PFOR, PN, PE

SUBJ: KUBISCH-DE LA FLOR MEMCON: GOP OPPOSITION

TO PROPOSED RISE IN PANAMA CANAL TOLLS

REF: LIMA 1093

1. FOLLOWING IS CORRECTED MEMCON CLEARED BY ASSISTANT SECRETARY KUBISCH COVERING PART OF HIS FEBRUARY 8 MEETING WITH PERUVIAN FONMIN DE LA FLOR. THIS SECTION COVERS GOP OPPOSITION TO PROPOSED INCREASES IN PANAMA CANAL TOLLS; OTHER PORTIONS OF CONVERSATION REPORTED IN SEPTELS.

2. QUOTE DE LA FLOR SAID THE PROJECTED RISE IN PANAMA CANAL TOLLS IS PARTICULARLY WORRISOME TO THE GOP. THE INCREASE IS LARGE AND WILL SERIOUSLY HURT PERU AND OTHER WEST COAST SOUTH AMERICAN NATIONS, AS WELL AS OTHER SOUTH AMERICAN NATIONS TO A LESSER EXTENT. MR. KUBISCH NOTED THAT THIS IS THE FIRST SUCH INCREASE IN THE HISTORY OF THE PANAMA CANAL. HE SAID THE PANAMA CANAL COMPANY NEEDS AN INCREASE, SINCE THE COMPANY MUST BE SELF-SUPPORTING AND HAD EXPERIENCED A DEFICIT IN 1973, WITH DEFICITS CONTINUING AND INCREASING THIS YEAR.

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HE SAID ALSO THAT THE PANAMANIAN GOVERNMENT IS INTERESTED

IN INCREASED INCOME FROM THE CANAL. DE LA FLOR OBSERVED THAT THE GOP TRIES TO RAISE RATES WITHOUT HURTING LOW INCOME GROUPS. HE COMPLAINED THAT PERU IS ALSO NOW BEING HURT BY RISING OCEAN FREIGHT RATES AND FUEL COSTS, AND PERU IS IMPORTING INFLATION THROUGH SUCH RISING COSTS.

3. DE LA FLOR SAID THAT THE GOP WOULD LIKE TO TESTIFY IN THE PUBLIC HEARINGS TO BE HELD REGARDING AN INCREASE IN TOLL RATES, AND MR. KUBISCH SAID HE COULD SEE NO OBJECTION SINCE THESE WOULD BE PUBLIC HEARINGS AND ALL VIEWS WERE INVITED. DE LA FLOR ALSO SAID THE GOP WOULD TAKE A DOCUMENT ON THIS SUBJECT TO MEXICO CITY. UNQUOTE.
POPPER

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